Manitoba

# Annual Report 1985 - 86

## Consumer and Corporate Affairs

# Manitoba

**Minister of**
**Consumer and**
**Corporate Affairs**

Winnipeg, Manitoba, CANADA
R3C 0V8

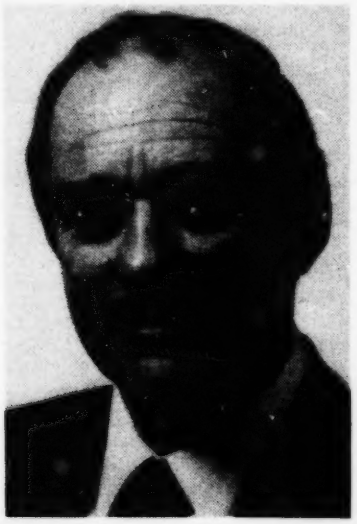
To His Honour,
George Johnson,
Lieutenant-Governor of Manitoba.

May It Please Your Honour:

I have the privilege of presenting for the information of Your Honour the Annual Report of the Department of Consumer and Corporate Affairs for the fiscal year ending March 31, 1986.

Respectfully submitted,

Honourable Al Mackling,
Minister,
Consumer and Corporate Affairs.



# Manitoba

**Deputy Minister of**
**Consumer and**
**Corporate Affairs**

Winnipeg, Manitoba, CANADA
R3C 0V8

Honourable Al Mackling
Minister
Consumer and Corporate Affairs

Sir:

I am pleased to submit, for your consideration, the summary of activities for Consumer and Corporate Affairs for the fiscal year ending March 31st, 1986.

Respectfully submitted

Don Zasada
Deputy Minister
Consumer and Corporate Affairs

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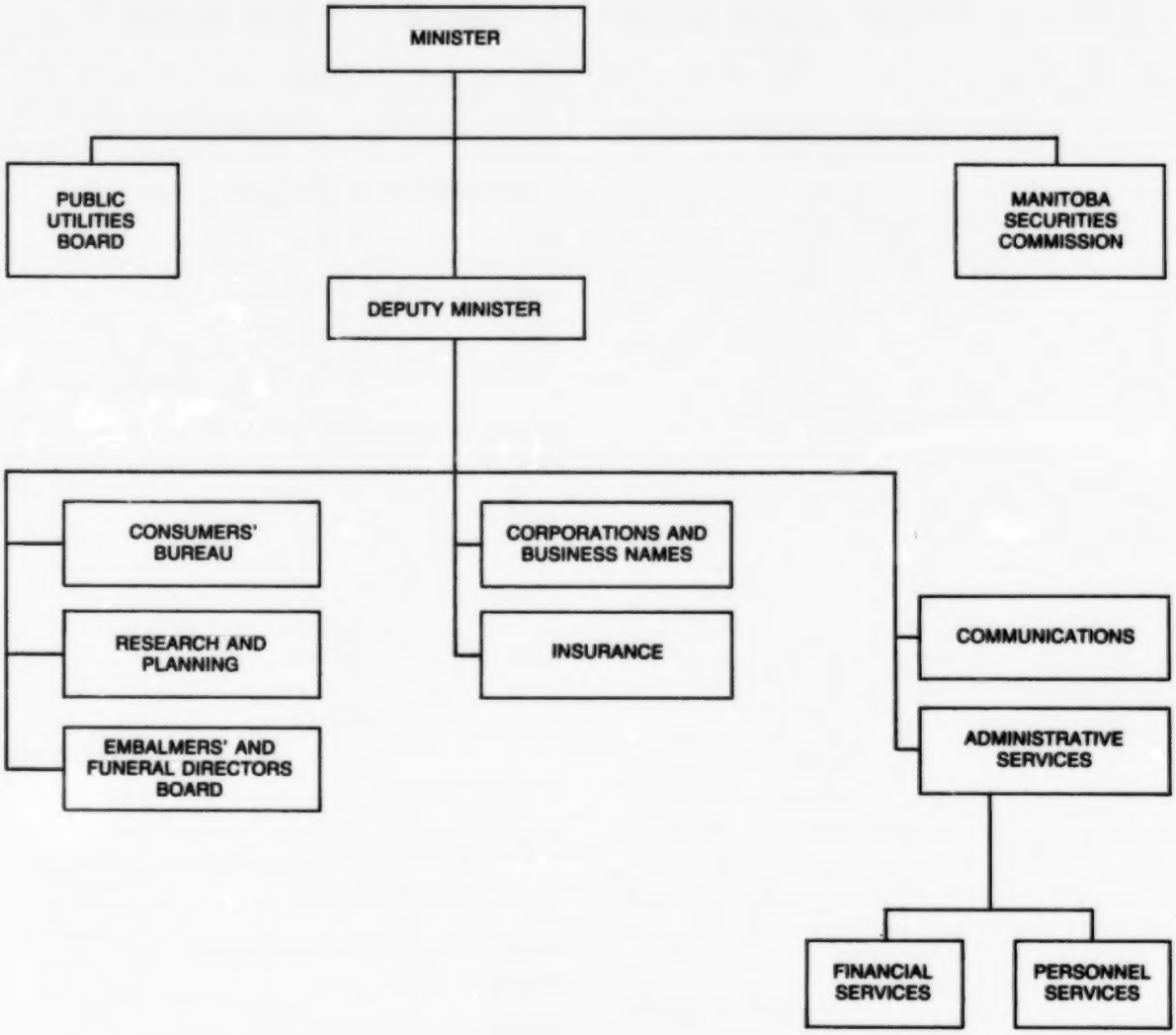
# Organization Chart



# Role and Mission Statement

The objectives of Consumer and Corporate Affairs are:

1. The protection of the public; and
2. The maintenance of a marketplace in which businesses can fairly compete.

This dual mission strives to improve consumer/business transactions, which in turn, can foster, overall a more positive environment in the marketplace and ultimately contribute towards increased economic development.

It is a continuing process involving assisting consumers and businesses by mediating complaints, administering legislation and providing information to both consumers and business.

## Legislation Administered

### *Administration*

Manitoba Evidence Act — Parts II and III.

### *Consumers' Bureau*

Bedding, Upholstered and Stuffed Articles Regulation of The Public Health Act
Charities Endorsement Act
Consumer Protection Act
Hearing Aid Act and Regulation
Personal Investigations Act

### *Corporations and Business Names*

Business Names Registration Act
Corporations Act
Partnership Act
Religious Societies' Lands Act

### *Deputy Minister*

Embalmers' and Funeral Directors Act
Trade Practices Inquiry Act

### *Insurance*

Insurance Act
Insurance Corporations Tax Act
Marine Insurance Act

### *Manitoba Securities Commission*

Commodity Futures Act
Mortgage Brokers and Mortgage Dealers Act
Real Estate Brokers Act
Securities Act

### *Public Utilities Board*

Cemeteries Act
Prearranged Funeral Services Act
Public Utilities Board Act

# Consumer Affairs

## Consumers' Bureau

The Consumers' Bureau administers the following:

- Consumer Protection Act
- Personal Investigations Act
- Bedding, Upholstered and Stuffed Articles Regulation of The Public Health Act
- Charities Endorsement Act
- Hearing Aid Act (for purposes of investigation and enforcement only)

## Functions of the Consumers' Bureau

Duties performed by the Consumers' Bureau on behalf of the public include:

- Supplying consumer information to buyers and sellers, borrowers and lenders;
- Providing a forum for the hearing, investigating and mediation of consumer complaints;
- Reviewing consumer complaints regarding financial transactions;
- Licensing and overseeing bonding of vendors and collection agents;
- Preparing information for prosecutions;
- Identifying issues and making recommendations for possible legislative amendments;
- Speaking to consumer, business and service organizations.

## Information

The Consumers' Bureau received 47,000 telephone requests from consumers for information in the 1985/86 fiscal year, a slight decrease from last year.

The Consumers' Bureau also relays requested information to sellers, suppliers, and lenders regarding their rights and responsibilities. This information often eliminates Bureau involvement in disputes.

A liaison with numerous consumer oriented agencies is maintained. Regular meetings with the Better Business Bureau, Consumer and Corporate Affairs Canada and the Consumers' Association of Canada allows the Bureau to keep informed of changes in the market place. Information is distributed to interested consumers and agencies.

## Complaints

The number of complaints registered with the Consumers' Bureau varies from year to year. In 1985/86, 2,351 complaints were registered, a drop of 250 from the previous year.

In 1985/86 home renovator complaints continued to be the major areas of concern for consumers in Manitoba even though the number of complaints regarding this topic have dropped by 33 percent from its peak in the 1983/84 fiscal year. Home renovator complaints accounted for 20 percent of the total number of complaints received in 1985/86. Automobile complaints appear to be on the rise. A small increase of 2% was noted in registered complaints regarding automobiles.

Decreases in complaints were recorded in areas involving home furnishings, mail orders and home entertainment equipment while increases were recorded in areas involving automobiles, travel agents, credit cards, charities, appliances and personal investigations.

Licensing requirements, especially bonding, were effective in resolving a number of disputes. Many did not fall within the category of direct sales and became dependent on mediation only. Of the complaints investigated by the Bureau, 75 percent were resolved satisfactorily.

Since many consumers experience difficulties in understanding credit and loan agreements, Consumer Services Officers often meet with consumers to provide clarification and to review documents for possible breaches of the Consumer Protection Act. The Act requires certain information be disclosed on all financial agreements.

## Mediation

The majority of complaints received by the Consumers' Bureau are not covered by statutory provisions. Mediation requires the willingness of all parties in a dispute to allow the Bureau to mediate. Some examples of Consumers' Bureau mediation follow:

> A consumer from another province was fitted for an artificial leg the cost of which was to be paid by the Health Authority of the consumer's home province. Upon returning home, the consumer discovered the prosthesis did not fit properly and was causing great pain. The complainant was advised by the health facility in Manitoba that a second limb would be required at a cost of 1400 dollars. The complainant refused to pay

and then contacted the Consumers' Bureau. Upon investigation, the Bureau discovered the health insurance plan in the complainants jurisdiction did not cover second artificial limbs and that the cost would have to be absorbed by the complainant. The consumer maintained that he had not been told of the cost. Through mediation, the Bureau was able to get all parties involved to agree to reduce the cost of the second limb to 800 dollars. All future fittings would be done at the consumer's expense in his home province.

Consumers from outside Canada decided to purchase a car from a Manitoba dealership. Upon questioning the seller, the customers were assured there would be no problem in taking the vehicle into their own country, as long as all of their country's environmental protection and highway safety standards were met. A deposit was made on the vehicle. Upon contacting the Customs and Excise Department, the consumers were advised the vehicle would require a certificate verifying it met all environmental and safety standards. The seller could not produce the needed information. Because the proper certification could not be provided, the consumers attempted to cancel the transaction and requested a refund of their deposit. The dealer refused the request. The customers contacted the Manitoba Consumers' Bureau. The Bureau discussed the matter with the seller, which resulted in the transaction being cancelled and a refund of the deposit to the complainants.

A consumer purchased a firearm for 260 dollars. Because the gun, repeatedly misfired, it was returned to the dealer for repairs. Despite several efforts by the consumer to have the problem corrected, nothing was done. The consumer contacted the Consumers' Bureau for assistance and as a result, the dealer took back the firearm and gave a full refund of the purchase price.

The Bureau received a complaint from a person who bought a used 1984 car he believed to be in premium condition, for $14,450. Soon after purchasing the car, the consumer took it to a garage for minor repairs and was told that it had been in an accident. The consumer complained to the dealer, but was informed the car had been bought on an "As Is" basis, with no warranties. The Bureau approached the dealer with information that revealed the car had been in an accident in another province and that it had been "written off" by an insurance company. The Bureau negotiated a new agreement wherein the vehicle was returned to the dealer and replaced with a 1985 model. The complainant and dealer then settled upon a financial adjustment.

## Licensing

The Consumer Protection Act allows a period of four days for a buyer to cancel a contract for goods or services bought from a direct seller. All vendors must have bonds deposited with the province as required by the Act. Where necessary, these bonds are forfeited to provide redress to consumers. During 1985/86 the bonds of 7 vendors were forfeited, and paid out for 37 consumer claims in the amount of $38,049. Some examples of complaints involving direct sales and bond claims follows:

The Bureau received 3 complaints against a vendor engaged in the direct sale of home improvements. In all 3 cases, the complainants paid a deposit, but the company did not return to do any of the work and refused to return the deposits. Upon investigation, the Bureau discovered the vendor could not refund the deposits because of financial difficulties. The Bureau demanded forfeiture of the vendor's penal bond.

The Bureau received 2 complaints regarding a direct seller of home improvements. The first complaint involved a 200 dollar deposit on a door and accessories that were never installed. The complainant approached the Consumers' Bureau for advice and was told she had the right to cancel the contract under provisions of The Consumer Protection Act. A purchaser has six months to cancel a direct sales contract where the goods and services to be supplied have not been provided within 120 days after the date upon which the purchase was made. The consumer used this right, but, the contractor failed to return the deposit immediately as required.

The second complaint involved a consumer whose property suffered damage by the contractor. As well, the contract was only partially completed. Despite the Bureau's involvement, the vendor failed to repair the damage and complete the work as stipulated in the contract. Both complaints have resulted in the Consumers' Bureau demanding forfeiture of the vendor's penal bond.

As outlined in The Consumer Protection Act, the Director of the Consumers' Bureau may cancel licenses of vendors, direct sellers or collection agents. In 1985/86, 7 licenses were cancelled; 6 vendors and 1 direct seller. The Act also allows the Director to issue warnings of possible cancellations of a license where a breach of statute or condition of license has occurred. In 1985/86, eight such warnings were issued.

## Enforcement

The Consumers' Bureau refers breaches of The Consumer Protection Act to the Department of the Attorney General. There were 6 such cases during the fiscal year. Subject to advice from the Crown, offenders were either prosecuted or given a caution.

The Act provides for penalties for non-compliance such as improper disclosure on credit documents. In such instances, the interest collectible is limited to 5 percent. In the case of other breaches, it is necessary to prosecute.

The details of 19 convictions for breaches of The Consumer Protection Act resulting from charges laid in 1984/85 are as follows:

Five separate vendors pleaded guilty to a total of 11 counts of direct selling without a license. Fines were imposed in the amount of 50 dollars per breach in 9 cases, and 100 dollars per breach in the other 2 cases. Also, one of the five vendors was ordered to pay restitution to 5 consumers in the amount of 250 dollars.

In another case, four charges of acting as a vendor without being properly licensed were stayed by the Crown on the condition the vendor make restitution amounting to 300 dollars to 8 consumers. Restitution was made.

A representative of another vendor pleaded guilty to three counts of direct selling while not properly licensed. He was fined 100 dollars on each count.

A door to door vendor pleaded guilty to a breach of The Consumer Protection Act by using a direct seller to act for the vendor while the direct seller was not properly licensed as required by the Act. The vendor was fined 100 dollars.

The Bureau also works in liaison with other governments and their departments at the Federal, Provincial and Municipal levels. Cases where fraudulent practises appear evident but no breach of The Consumer Protection Act has occurred, are referred to the proper law enforcement agencies. As well, 10 files previously referred to the Federal Department of Consumer and Corporate Affairs are in the process of being investigated with respect to possible breaches of its statutes.

## Speaking Engagement

One of the major functions of the Consumers' Bureau is to provide information. Since 1971, the Bureau has provided the majority of collegiates in rural and northern Manitoba with a consumer protection oriented presentation on an alternate year basis. Schools in the Winnipeg area are serviced by requests. Business groups, consumer groups and major service clubs have all used Consumer Service Officers as speakers. As well, officers have participated in staff training for Credit Unions, Caisse Populaires and car dealerships.

# Statistics

| Speaking Engagements | April 1/84 - March 31/85 Number of Talks | People | April 1/85 - March 31/86 Number of Talks | People |
|---|---|---|---|---|
| Schools, Universities, Colleges | | | | |
| — Winnipeg | 13 | 536 | 28 | 2,199 |
| — Outside Winnipeg | 50 | 3,574 | 58 | 4,879 |
| Consumer Groups | 31 | 535 | 31 | 544 |
| Business/Government Groups | 10 | 245 | 3 | 195 |
| Media Participation | 23 | — | 38 | — |
| **TOTAL** | **127** | **4,890** | **158** | **7,817** |

# Consumers' Bureau

## Activity Summary

| | 1984/85 | 1985/86 |
|---|---|---|
| Carry over from previous year | 542 | 697 |
| Complaints registered | 2,603 | 2,351 |
| Complaints closed | 2,448 | 2,379 |
| Complaints outstanding | 697 | 669 |
| Complaints in Winnipeg | 1,703 | 1,592 |
| Complaints outside of Winnipeg | 804 | 690 |
| Complaints out of province | 96 | 69 |
| Telephone calls received | 50,414 | 47,489 |
| Toll Free calls (included in above total) | 5,206 | 5,045 |
| Office interviews | 2,314 | 2,460 |
| Outside special activities | 390 | 436 |

## Charges

| | | |
|---|---|---|
| Carry over | 3 | 47 |
| Charges laid | 64 | 6 |
| Dealt with | 20 | 50 |
| Not proceeded with | 0 | 0 |
| Outstanding | 47 | 3 |

## Licences (Applied For)

| | | |
|---|---|---|
| Collection Agents | 34 | 35 |
| Vendors | 336 | 394 |
| Direct Sellers | 2,470 | 2,570 |
| Hearing Aid Dealers | 25 | 21 |
| Bedding and Upholstery | 453 | 447 |

## Disposition of Closed Complaints

| | | |
|---|---|---|
| Settled satisfactorily | 1,286 | 1,102 |
| Unsettled | 225 | 170 |
| Legal action recommended | 180 | 263 |
| Further investigation unjustified | 35 | 87 |
| Settled (Information provided — Nil $) | 493 | 451 |
| SUB TOTAL | 2,219 | 2,073 |
| Transferred | 24 | 52 |
| Record Only | 205 | 254 |
| **TOTAL** | **2,448** | **2,379** |

## Analysis of Complaints

(in descending order for 1985/86)

| | 1984/85 | 1985/86 |
|---|---|---|
| Home Improvements | 593 | 476 |
| Automotive | 349 | 367 |
| Subscriptions | 161 | 158 |
| Home Furnishings | 151 | 128 |
| Appliances | 116 | 127 |
| Mail Order | 160 | 122 |
| Home Entertainment | 128 | 101 |
| Financial | 93 | 63 |
| Personal Effects | 101 | 60 |
| Personal Services | 73 | 60 |
| Photography | 65 | 59 |
| Furnace/Chimney Cleaning | 48 | 50 |
| Dry Cleaners | 39 | 49 |
| Professional Services | 62 | 49 |
| Collection Practices | 48 | 48 |
| Hardware | 48 | 44 |
| Requests for Information | 47 | 38 |
| Food | 30 | 27 |
| Sport Machines | 24 | 26 |
| Personal Investigations Act | 10 | 23 |
| Travel Agents | 13 | 21 |
| Rentals | 22 | 20 |
| Credit Cards | 12 | 19 |
| Residential Dwellings | 19 | 19 |
| Coupon Books & Lotteries | 15 | 18 |
| Jewellery | 16 | 18 |
| Utilities | 13 | 18 |
| Charities | 1 | 15 |
| Mover/Storage | 15 | 15 |
| Accommodations | 16 | 13 |
| Housewares | 17 | 13 |
| Transportation | 6 | 12 |
| Restaurants | 6 | 9 |
| Farm Equipment | 12 | 9 |
| Alarm Systems | 17 | 7 |
| Personal Improvement | 7 | 7 |
| Entertainment | 2 | 6 |
| Musical Instruments/Lessons | 3 | 6 |
| Towing Companies and Parking Facilities | 2 | 5 |
| Mobile Homes | 12 | 5 |
| Schools | 2 | 5 |
| Trailers | 3 | 4 |
| Hobby Products | 16 | 3 |
| Real Estate | 1 | 3 |
| Motive Fuels | 3 | 2 |
| Power Tools | 3 | 2 |
| Home Fuels | 1 | 1 |
| Lubricants | 2 | 1 |
| **TOTAL** | **2,603** | **2,351** |

# Corporate Affairs

## Corporations and Business Names Branch

The Corporations and Business Names Branch administers:

- The Corporations Act
- The Business Names Registration Act
- The Partnership Act
- The Religious Societies' Lands Act, and
- Certain miscellaneous Acts.

The Branch ensures suitable investor protection and maximum management flexibility in the overall context of the public interest. Its principal mandate is to facilitate the orderly development of business in Manitoba by:

- incorporating Manitoba corporations;
- registering corporations not incorporated under Manitoba laws;
- registering the names of unincorporated businesses; and
- registering trust and loan corporations.

The Corporations and Business Names Branch maintains an up-to-date repository of information with respect to these corporations and businesses. This enables members of the public to ascertain any fact required to be disclosed under the respective Acts, concerning the management of a corporation or business.

Trade names or styles must be registered under The Business Names Registration Act by any person carrying on business under a name other than the family name or surname. This registration is for a period of three years. It enables interested members of the public to find out the names of those persons operating a particular business.

Under The Religious Societies' Lands Act, the members of any religious denomination may apply for incorporation for the sole purpose of holding land. A Certificate of Title from the Land Titles Office is issued to the trustees of the organization, rather than in the names of its members. Consequently, there is no need to change the Certificate of Title when a trustee is replaced.

The Branch employs a computerized name search system called "NUANS" (Newly Upgraded Automated Name Search), which has a Canada-wide name base. The use of NUANS has reduced the response time on name searches to 24 hours. As well, prior to incorporation, a prospective incorporator is now able to review similar trade names in existence in Canada which may conflict with the proposed name.

Over the previous fiscal year, incorporations are up by 14%, and business name registrations are up by 23%. There were 31,924 counter searches of files, and 45,884 telephone inquiries.

The Branch's new automated information retrieval system should be completed by the summer of the 1986/87 fiscal year. Branch personnel will then begin microfilming files and entering information in the system. This involves more than 76,000 active files.

With respect to trust and loan corporations, the Branch has filled the new position of Deputy Director Trust and Loan and is now better equipped to provide recommendations for new legislation in this area.

## Comparative Statistics

Fiscal Year April 1 — March 31

| | 1984/85 | 1985/86 |
|---|---|---|
| *Figures indicated are in thousands | | |
| General Fees | $1,564.7 | *$1,598.4 |
| New Incorporations | 2,625 | 2,986 |
| New Registrations | 515 | 575 |
| New Business Name Registrations | 4,883 | 5,986 |
| 1. Total Corporations On Record | 39,244 | 40,647 |
| 2. Total Business Name Registrations on Record | 32,901 | 35,732 |
| Total (1 and 2) | 72,145 | 76,379 |
| Personel Counter Searches of Corporate and Business Files | 29,256 | 31,924 |
| Annual Returns Processed | 32,912 | 33,250 |
| Telephone Inquiries | 46,446 | 45,884 |

## Insurance

The Insurance Branch is responsible for the administration of:

- The Insurance Act;
- The Marine Insurance Act;
- The Insurance Corporations Tax Act; and
- The collection of the tax under the regulations of The Fires Prevention Act.

The Mandate of the Insurance Branch is to protect the consumer while facilitating the transaction of the business of insurance in Manitoba. To accomplish this, the following functions are performed:

- answering inquiries of a general nature about insurance;
- licensing of insurance companies for the transaction of the business of insurance;
- monitoring the solvency of insurance companies incorporated in Manitoba;
- setting licensing requirements of agents, brokers and adjusters;
- determining the deposits of insurance companies incorporated in Manitoba;
- mediating disputes between consumers, agents, adjusters and insurance companies;
- preparing the Annual Report required by The Insurance Act;
- collecting the premium tax under The Insurance Corporations Tax Act; and
- collecting the tax under The Fires Prevention Act.

## Mediation of Disputes

The mediation of complaints is an important function of the Insurance Branch, as illustrated by the following examples:

### 1. Life Insurance

A consumer had applied for a life insurance policy, provided the necessary medical information and paid the required first premium. About two months later, the applicant suffered a heart attack. He had no previous history of heart trouble. Upon enquiring about why he had not received his policy, the applicant was advised that the policy had been issued, but the agent was instructed to return it to the company. The insurer then requested previous medical history. Upon receiving the consumer's complaint, the Insurance Branch intervened, and the insurer agreed to deliver the policy as applied for and issued.

### 2. General Insurance

A consumer had a break-in and robbery at her home. She was recently married and most of the stolen articles were received as wedding gifts. She had difficulty with her claim as she was unable to produce receipts or other proof of purchase. Following intervention by the Insurance Branch, the insurance company agreed to allow replacement of the stolen articles based on the insured's claim.

### 3. Disability

A consumer had been insured under a group plan at his place of employment. He paid premiums regularly and received disability for a previous claim. When he became disabled again for the same condition, the insurer denied his claim on the basis that he was not eligible to be a member of that group. With the assistance of the Insurance Branch, the insured was able to receive full payment of his claim and became enrolled in another plan with the same insurer.

## Monitoring the Solvency of Manitoba Incorporated Insurance Companies

The Insurance Branch inspected all Manitoba incorporated insurance companies and reviewed their Annual Returns in 1985.

The winding up of an insolvent Manitoba insurer continued through 1985. It appears that court proceedings will continue to delay the final resolution of the estate.

Canadian Superintendents of Insurance continued to review alternate methods of dealing with insurance company insolvencies in 1985/86.

# Insurance Branch

## *Statistics*

| | 1984/85 | 1985/86 |
|---|---|---|
| **Licensing of Insurance Companies** | | |
| (January — December) | | |
| Federal | 290 | 293 |
| Provincial | 21 | 21 |
| **TOTAL** | **311** | **314** |
| **Licensing of Agents, Adjusters and Brokers** | | |
| **AGENTS** (Licence Year June 1 - May 31) | | |
| Life Agents | 1,782 | 1,777 |
| General Agents | 1,190 | 1,237 |
| Accidents and Sickness Agents | 376 | 420 |
| Hail Agents | 480 | 490 |
| Automobile Agents | 41 | 41 |
| Accident and Baggage Agents | 85 | 98 |
| Livestock (1) and Marine (1) Agents | 2 | 2 |
| **TOTAL** | **3,956** | **4,065** |
| **ADJUSTERS** (Licence Year July 1 - June 30) | | |
| Adjusters | 75 | 77 |
| Assistant Adjusters | 4 | 9 |
| Hail Adjusters | 22 | 23 |
| **TOTAL** | **101** | **109** |
| **SPECIAL BROKERS** (Licence Year January — December) | **8** | **7** |
| **Insurance Agent Licensing Examinations** | | |
| (January — December) | | |
| Life Exams | | |
| Written | 402 | 383 |
| Passed | 257 | 283 |
| Failed | 145 | 100 |
| General Exams | | |
| Written | 113 | 114 |
| Passed | 71 | 75 |
| Failed | 42 | 39 |
| Accident and Sickness Exams | | |
| Written | 139 | 168 |
| Passed | 93 | 147 |
| Failed | 46 | 21 |

| | 1984/85 | 1985/86 |
|---|---|---|
| **Collection of Fees Under The Insurance Act** (April 1 — March 31) | $ 337,790. | $ 354,947. |
| **Collection of Tax Under The Insurance Corporations Tax Act** (April 1 — March 31) | $14,408,132. | $15,199,633. |
| **Collection of Tax Under The Fires Prevention Act** (April 1 — March 31) | $ 2,509,909. | $ 2,142,252. |
| **Agents Licences Cancelled or Denied** | 1 | 2 |
| **Telephone Enquiries Received** | | 11,781 |
| **Complaint Files Processed** | 281 | 393 |
| **Consumer and Industry Liaison** | | |
| *Public Relations Engagements | 16 | 21 |
| *Mediation Inspections | 3 | 18 |
| *Press Interviews | 5 | 2 |
| *Guest — radio phone-in shows | 2 | 1 |

**Analysis of Complaints for 1985/86 — TOTAL 393**

**1. LIFE:**

| | |
|---|---|
| 14 | Miscellaneous |
| 3 | Claims |
| 1 | Application Rejected/Renewal Refused |
| 22 | Premium Payments |
| 41 | Replacements |
| 62 | Selling Tactics |
| 1 | Rebating |
| 144 | TOTAL |

**2. ACCIDENT AND SICKNESS:**

| | |
|---|---|
| 2 | Miscellaneous |
| 36 | Claims |
| 3 | Application Rejected/Renewal Refused |
| 4 | Premium Payments |
| 6 | Selling Tactics |
| 1 | Sales Promotion/Advertising |
| 52 | TOTAL |

**3. ANNUITIES — R.R.S.P.:**

| | |
|---|---|
| 5 | Miscellaneous |
| 2 | Premium Payments |
| 1 | Replacements |
| 2 | Selling Tactics |
| 1 | Sales Promotion/Advertising |
| 11 | TOTAL |

**4. PERSONAL LINES/TENANTS AND HOMEOWNERS:**

| | |
|---|---|
| 4 | Miscellaneous |
| 49 | Claims |
| 11 | Application Rejected/Renewal Refused |
| 12 | Premium Payments |
| 1 | Claim Tactics |
| 14 | Selling Tactics |
| 1 | Sales Promotion/Advertising |
| 92 | TOTAL |

**5. COMMERCIAL LINES:**

| | |
|---|---|
| 1 | Miscellaneous |
| 14 | Claims |
| 3 | Application Rejected/Renewal Refused |
| 10 | Premium Payments |
| 6 | Selling Tactics |
| 34 | TOTAL |

**6. HAIL:**

| | |
|---|---|
| 1 | Selling Tactics |
| 4 | Sales Promotion/Advertising |
| 5 | TOTAL |

**7. TRAVEL:**

| | |
|---|---|
| 1 | Miscellaneous |
| 6 | Claims |
| 1 | Sales Promotion/Advertising |
| 8 | TOTAL |

**8. FARM:**

NIL

**9. MISCELLANEOUS LINES — LIVESTOCK, BAGGAGE, WARRANTIES, EXTENDED AUTO COVERAGE, ETC.**

| | |
|---|---|
| 18 | Miscellaneous |
| 14 | Claims |
| 3 | Premium Payments |
| 7 | Selling Tactics |
| 5 | Sales Promotion/Advertising |
| 47 | TOTAL |

# Manitoba Securities Commission

The Manitoba Securities Commission performs the following activities for the purposes of protecting the public and facilitating the legitimate raising of capital while maintaining integrity and adequate standards in the securities, real estate and mortgage industries.

- licensing securities dealers, brokers, underwriters, and investment counsel;
- requiring full, true, and plain disclosure in respect of new issues of securities;
- attempting to ensure fair and equitable treatment of the public regarding new issues of securities;
- providing a comprehensive regulatory scheme designed to make available to shareholders and the public a full range of financial and other information;
- licensing and regulating the activities of real estate and mortgage brokers, dealers and sales people;
- investigating alleged contravention under four Acts; and
- overseeing self-regulatory activities of The Winnipeg Commodity Exchange.

During the year ended March 31, 1986, the Commission convened 51 regular and 3 special meetings and dealt with 591 securities-related and 422 real estate related agenda items. A total of 444 formal orders were issued which included investigation, cease trading, suspension of registration and conditional exemption orders.

### The Number of Filings Processed:

| | 1984/85 | 1985/86 |
|---|---|---|
| Prospectus | 348 | 419 |
| Prospectus Amendments | 35 | 45 |
| Private Placements | 109 | 97 |
| Rights Offerings | 76 | 64 |
| Conditional Exemption Orders (Sections 20, 59 and 89) | 180 | 198 |

As of March 31, 1986, 124 senior securities issuers were qualified to use the Prompt Offering Prospectus system inaugurated in January, 1983.

The number of dealers and sales people in the securities field increased again in 1986. A total of 241 amendments were processed and 52 registrations were transferred.

A record number of 3,796 registrations under The Real Estate Brokers Act were on record as of March 31, 1986.

The increase of 204 in the number of sales people from the previous year resulted from 704 first-time registrations, 1,612 renewals, and approximately 275 sales people leaving the industry or becoming brokers or authorized officials within the industry. Seven hundred and fifteen sales people transfers and 279 amendments were processed.

The increase of 49 in the number of brokers resulted from 98 new broker registrations, 648 renewals, and approximately 15 registrations being cancelled or allowed to expire for a variety of reasons including economic conditions, and brokers reorganizing their business affairs.

In cooperation with the Commission, pre-licensing courses and examinations for brokers and salesmen were again offered by the Real Estate Boards in Winnipeg and Brandon and the Manitoba Real Estate Association. Figures for the year ending March 31, 1986 indicate an increase of approximately 18% from the previous year in the number of applicants enrolled.

Total registrations under The Mortgage Brokers and Mortgage Dealers Act declined slightly from the previous year.

### The Number of Registrations Issued:

| | 1984/85 | 1985/86 |
|---|---|---|
| **SECURITIES INDUSTRY** | | |
| Sales People | 452 | 551 |
| Brokers and Investment Dealers | 60 | 72 |
| Mineral Interest Sales People | 75 | 97 |
| Mineral Interest Brokers | 44 | 47 |
| Securities Issuers | 8 | 8 |
| **Sub-Total** | **639** | **775** |
| **REAL ESTATE INDUSTRY** | | |
| Sales People | 1,826 | 2,030 |
| Authorized Officials | 1,010 | 1,035 |
| Brokers | 682 | 731 |
| **Sub-Total** | **3,518** | **3,796** |
| **MORTGAGE INDUSTRY** | | |
| Sales People | 16 | 13 |
| Authorized Officials | 86 | 82 |
| Brokers | 52 | 54 |
| Dealers | 3 | 3 |
| **Sub-Total** | **157** | **152** |
| **TOTAL** | **4,314** | **4,723** |

## The Public Utilities Board

The Public Utilities Board is an independent quasi-judicial body operating under the authority of the Manitoba Legislature.

The Board is responsible for the regulation of public utilities as defined under The Public Utilities Board Act in all matters and in such manner as set out in that legislation. Several other enactments which assign regulatory or adjudicative responsibilities to the Board are:

The Greater Winnipeg Gas Distribution Act
The Gas Pipe Line Act
The Gas Storage and Allocation Act
The Prearranged Funeral Services Act
The Cemeteries Act
The Municipal Act (Local Water and Sewer Utilities)
The Manitoba Water Services Board Act (Appeals)
The Highways Protection Act (Appeals)
The Manitoba Telephone Act
The Manitoba Hydro Act (Appeals, Reference)

During the fiscal year April 1, 1985 to March 31, 1986, the Board convened 54 executive meetings including 27 Board meetings and 27 public hearings. A total of 170 formal Orders were issued which included the following:

| | |
|---|---|
| Public Utilities Board Act | 4 |
| Water and Sewer Utilities | 91 |
| Gas Utilities | 20 |
| Manitoba Telephone System | 37 |
| Highways Protection Act | 13 |
| Transit | 3 |
| City of Winnipeg Act | 2 |

With respect to The Prearranged Funeral Services Act, the Board issued 27 licenses of which 26 were renewals sought by Funeral Directors. One application for an initial license was approved by the Board. In addition, there were 26 applications for approval of revisions and 1 application for initial approval in prearranged funeral fees for caskets and services. The Board continued to review and monitor the annual reports filed by the licensees and their trustees in respect of the prearranged funeral plans being sold and the contracted funds in trust.

With respect to The Cemeteries Act, the Board issued 10 cemetery licenses, all of which were renewals. In addition, there were 7 columbarium and 3 mausoleum renewal licenses issued and 5 renewal licenses to companies operating a crematory. Forty-six licenses were issued to sales personnel on behalf of owners of cemeteries. In addition, 7 applications, each for a revision in a schedule of fees for spaces, materials and services, were authorized. One application for initial approval of a schedule of fees for spaces, materials and services was authorized.

The Board adopted guidelines concerning the awarding of costs to intervenors pursuant to Section 56 of The Public Utilities Board Act and issued five (5) Orders as provided therein.

# Management and Administration

## Communications

The Communications Branch develops and distributes information to the public and news media. Its function is to supply information regarding programs and policies of the department. As well, the Communications Branch helps to educate consumers and merchants to their rights and responsibilities in the market place.

The function of the Communications Branch are as follows:

- to communicate through all forms of mass media.
- to co-ordinate advertising campaigns.
- to operate a volunteer outreach program.
- to produce audio-visual and educational material.
- to write and distribute pamphlets and information handouts.

The Communications Branch continued to make contact with media outlets to promote the availability of Consumer Services Officers for interviews on consumer related issues. A number of Winnipeg and rural radio stations made contact with Bureau officers. Thirty-eight bookings were arranged for live and taped radio and television interviews on topics such as vehicle contracts, refunds and exchanges and direct sellers of home improvements.

Home Improvements topped the list of complaints to the Consumers' Bureau in the 1985/86 fiscal year. For the fourth consecutive year, Communications co-ordinated an advertising campaign to make consumers more aware of their rights and responsibilities when signing a direct sale contract for home improvements. The campaign involved radio advertising, classified print ads, a print article, a news release, display and pamphlet inserts in the Department of Housing's Home Improvement Loan applications. As well, Communications distributed a letter to municipalities, hardware stores and lumber yards, regarding the availability of the department's brochure on Direct Sale of Home Improvement contracts. In total 3,230 pamphlets were distributed to the three targeted groups.

In the 1985/86 fiscal year Communications was involved in the organizing of a federal-provincial conference of Consumer and Corporate Affairs ministers. The conference was held at Hecla Island September 10th and 11, 1985. Issues discussed included the changing roles and responsibilities of banks, trust companies, insurance companies and other financial institutions; federal competition policy, automobile arbitration, consumer credit and the pharmaceutical industry.

The volunteer program continued to play an important role in the department. The program provided information on consumer-related issues to the elderly and special interest groups. Thirty-two volunteers were recruited to work on various programs and committees with more than 1200 hours devoted to projects.

A new identity for the volunteer program was established in the latter part of the fiscal year. Entitled TIME OUT. . . . .IS TIME WELL SPENT, the slogan and artwork will be used in recruitment bulletins, volunteer manuals, volunteer identification cards and public service announcements. As well, a volunteer assisted in developing a quarterly newsletter for volunteers and departmental staff.

With the help of a volunteer, a volunteer orientation manual was developed. The manual will be distributed to all new participants and will provide new volunteers with an introduction to Consumer and Corporate Affairs, the Consumers' Bureau, the Time Out program and the Manitoba marketplace. This fiscal year, two separate volunteer committees developed two training manuals. A youth training committee established a training manual for the branch's youth speakers program, while a seniors training committee prepared a manual for volunteers in the seniors speaking program.

Volunteers made eight presentations to approximately 300 consumers from various groups and organizations in 1985/86. Some of these groups included the Hope Centre, Manitoba Hydro Ex-Club, CPR Pensioners, British Wives Club of Winnipeg, River Heights Church Group, Deer Lodge Hospital Day Centre.

Communications also hired a S.T.E.P. student to develop and conduct a mail/telephone survey to get an indication of consumer awareness of the Consumers' Bureau, consumers' opinions of the Bureau's "Ask Us" brochure, and general media preferences. A total of 322 interviews were attempted with persons between the ages of 18 and 64. One hundred and sixty-four interviews were completed. According to the survey, 70 percent of those interviewed knew of the Consumers' Bureau and its services.

Communications completed two information kits that were developed in honor of 1985, International Youth Year. The two kits are directed at Grade 9

and 10 students and involve information relating to buying a used car and establishing credit. The kits' availability has been advertised in a number of Business Education and Home Economic Newsletters throughout Manitoba. The kits will be made available to teachers on a loan basis through the Department of Education's Library, Department of Education's Home Economic Library, Legislative Library, and the Communications Branch.

As in previous years, Communications attended the Consumer Awareness group meetings held by Videon Cable TV. Communications assisted the station in the development of a number of video taped programs entitled "Some Consumer Advice". The series examined common concerns of Manitoba consumers. Representatives from various branches of the department participated in the following programs "Credit Borrowing and Buying", "You Don't Have to Pay the Bill", "Too Good To Be True".

Distributing brochures is another way in which Communications relays information to Manitoba consumers. Volunteers packaged and mailed pamphlets to libraries, schools, social groups and agencies as well as through the regular work of Consumer Services Officers and volunteer speakers.

From April 1st, 1985 to March 31st, 1986 Communications Branch distributed 110,563 copies of various department brochures.

## Research and Planning

The function of Research and Planning is to provide support services of an economic, statistical, and investigatory nature to the Department. These services are provided through a variety of means ranging from formal research to informal discussion. Activities include:

- investigating marketplace issues and assessing alternative responses to them;
- assessing the relevancy and value of programs and legislation developed by other governments;
- assessing the need for new or amended legislation;
- reviewing and formulating legislative proposals and submissions to cabinet; and
- liaising with consumer oriented groups, representatives of the business sector, and government officials.

During the 1985-86 fiscal year, Research and Planning participated in an inter-departmental committee examining the need for legislative changes in the financial services industry. The Branch also participated in the development of Consumer Protection Act amendments regarding variable rate credit. In addition, Research and Planning examined proposed changes to the federal Interest Act and assessed their possible impact on Manitoba.

Throughout the year, Research and Planning investigated and assessed a variety of topical issues. Several of these pertained to the oil industry and included for example, gasoline and diesel price discounts for farmers and retailers, fuel price differences between Manitoba and Saskatchewan and between Manitoba and the U.S.A., shrinkage of fuels delivered to retailers, gasoline price changes at several Manitoba locations, motor fuel quality, and temperature compensating devices for dispensing gasoline.

Some of the other issues examined by Research and Planning pertained to bread prices, changes in the consumer price index, trade practices, travel protection, and competition policy.

## Administration

This branch administers The Manitoba Evidence Act (Parts II, III) which deals with the appointment of Notaries Public and Commissioners for Oaths.

Administration's role is to establish financial, personnel, management and administrative support services ensuring the best use of the department's fiscal, human and physical resources. Administration also provides these services to the Department of Legislation and the Department of Co-operative Development. These responsibilities are fulfilled by:

- reviewing and recommending changes in department and branch organization to ensure that reporting relationships are structured on the basis of responsibility and accountability;
- reviewing and recommending changes in the administrative and delivery systems in the branches;
- establishing and administering financial policies, systems and procedures for the department;
- allocating budgeted resources, fiscal, human, and physical, to programs; and
- ensuring that funds are properly collected, spent, and accounted for.

Administration is made up of three branches: Personnel, Finance, and General Administration. The activities of these branches are summarized on page 23.

## Activity

*Figures indicated are in thousands.

| Activity | March 31, 1985 | March 31, 1986 |
|---|---|---|
| Total Consumer and Corporate Affairs, Legislation, and Cooperative Development | | |
| Revenue | $18,563.1 | $20,301.3 |
| Expenditures | 14,965.3 | 17,691.9 |
| Number on payroll at March 31 | 264 | 274 |
| Staff recruited | 78 | 80 |
| Vouchers processed | 3,787 | 4,085 |
| Manitoba Evidence Act | | |
| New appointments | 1,586 | 1,666 |
| Renewal of appointment | 4,468 | 4,001 |
| Authentication of appointment | 511 | 520 |

## Comparison of "Actuals" to Estimated Expenditures

*Figures indicated are in thousands.

| 1985/86 Program | Estimates | Actuals | Over (Under) Variance | | Explanation |
|---|---|---|---|---|---|
| Executive Management | $ 185.2 | $ 181.4 | ( 3.8) | (2) | |
| Research and Planning | 92.4 | 81.1 | (11.3) | (12) | 1 |
| Communications | 116.1 | 101.2 | (14.9) | (13) | 2 |
| Administration | 307.6 | 305.8 | ( 1.8) | (1/2) | |
| Consumers' Bureau | 689.7 | 654.8 | (34.9) | (5) | 3 |
| Grants | 66.0 | 66.0 | .0 | 0 | |
| Corporations Branch | 1,113.7 | 1,064.9 | (48.8) | (4) | 4 |
| Manitoba Securities Commission | 860.3 | 848.5 | (11.8) | (1) | |
| Public Utilities Board | 702.0 | 759.4 | (57.4) | (8) | 5 |
| **Departmental Totals** | **$4,333.4** | **$4,263.3** | **(70.1)** | **(1 1/2%)** | |

### Explanation of Differences over 5%

1. Research and Planning area had in its budget provisions to hire consultants on an as, if, and when required basis. As this funding has not been required during either 1984/85 or 1985/86, it has been removed from their 1986/87 estimates. During 1985/86 the Chief of this area returned to University part-time, this resulted in an under-expenditure in the salary allocation as well.
2. Communications experienced a reduction in salaries due to staff turn-over as well as the Director converting to part-time. Their operating budget was under-spent due to advertising for the Consumers' Bureau "Door to Door Salesman" campaign being half of budgeted amount because of the timing of the Provincial General Election.
3. The Consumers' Bureau reflects a reduction in salary expenditure due to staff turn-over, delay in filling of vacant positions, and replacing personnel at lower salaries.
4. The Corporations Branch under expenditure is a combination of salary savings, due to late filling of their Trust and Loans Officer position, and some delay in ordering computer equipment/ furniture.
5. The Public Utilites Board reflects an over-expenditure due to an increase scale of advisor fees, which was approved by O/C 974/85, effective September 1, 1985. This has increased their revenue for the 1985/86 fiscal year, as advisor fees are recoverable via a charge-back system to client utility companies.